

2012 Federal/State Institute



Nebraska Department of
REVENUE

NEBRASKA UPDATES

www.revenue.ne.gov

This PowerPoint handout is used for training purposes in conjunction with the oral presentation given by Departmental training staff.

It is not intended to be a stand-alone document.

It is not an information guide, nor does it carry regulatory or statutory authority.

Nebraska tax statutes, regulations, information guides, and other resources are available at www.revenue.ne.gov.

11/7/2012 Fed/State – Revenue 2



Subscription Service

Powered by **GOVDELIVERY**SM

- Receive notification of changes to topics of interest using the FREE web-based email subscription system.
- Set up a PROFILE – enter your email address, optional password, and select the topics of interest.
- You can change your PROFILE at any time by adding or deleting topics, changing the frequency of email alerts, or changing your email address.
- No special software – all you need is a valid email address and an Internet browser!

Try it out!

11/7/2012 Fed/State – Revenue 4



The screenshot shows the official Nebraska Government Website for the Nebraska Department of Revenue. The page features a navigation menu with links for Property Assessment, Motor Fuels, and Charitable Gaming. The main content area includes sections for 'Revenue's Currently Featured Information' (Municipal Government Request for Sales Tax Return Information, 2011 Nebraska Tax Incentives Annual Report, Sales Tax Exemptions Chart, 2012 Major Legislative Changes), 'Electronic Services' (Reporting Sales and Use Tax, Electronic Funds Transfer), 'For Individuals' (Make a Payment, File Your Return, Where's My Refund?), 'For Businesses' (Make a Payment, File Your Return), 'Software Developers' (Tax Preparers), and 'Specific Tax Information' (Business Income Tax, Individual Income Tax, etc.). A sidebar on the left contains links for E-commerce, Economic Tax Incentives, Forms, and more. The footer includes the date 11/7/2012 and the page identifier Fed/State – Revenue 4.

Today's Agenda

1. 2011 Tax Year
2. Income Tax
 - General
 - Electronic Funds Transfer
 - E-file
 - Audit
3. Business Taxes
 - General
 - Electronic Funds Transfer
 - E-file
 - Income Tax Withholding
4. Legislative Changes
5. Income and Business Tax Returns & Schedules
6. NEW Revenue Rulings
7. NEW Information Guides

11/7/2012

Fed/State – Revenue 5

1. 2011 Tax Year

[Back to Agenda](#)
11/7/2012

Fed/State – Revenue 6

1. 2011 Tax Year

- **Income tax filing statistics as of September 19, 2012:**
 - 906,447 individual income tax returns filed
 - 797,915 of these returns were e-filed (88%)
 - ❖ Over 100,000 more returns were e-filed in 2012 than in 2010.
 - ❖ **Nebraska is in the Top 5 in the U.S.!**

11/7/2012

Fed/State – Revenue 7

1. 2011 Tax Year (continued)

- **Use tax filing statistics:**
 - 18,826 returns reported a use tax liability for a total of \$1,017,089 since the use tax line was added to the Form 1040N.
 - An estimated \$44 million in sales and use tax on remote sales goes uncollected annually.
 - \$37 million in state sales tax revenue
 - \$ 7 million in local sales tax revenue

11/7/2012

Fed/State – Revenue 8

2. Income Tax

- General
- E-File
- Electronic Funds Transfer (EFT)
- Audit

Back to Agenda 11/7/2012 Fed/State – Revenue 9

2. Income Tax – General

- **High School District Code Changes**
 - Reflected in the 2012 High School District codes
- **2012 Nebraska Standard Deductions**

		<i>2011</i>
○ Single taxpayers	\$ 5,950	\$ 5,800
○ Head of household	\$ 8,700	\$ 8,500
○ Married, filing jointly	\$11,900	\$11,600
○ Married, filing separately	\$ 5,950	\$ 5,800
○ Qualifying Widow(er)	\$11,900	\$11,600
- **Taxpayers Over Age 65 and/or Blind**
 - Married taxpayers, add \$1,150 per box checked
 - Unmarried taxpayers, add \$1,450 per box checked

11/7/2012 Fed/State – Revenue 10

2. Income Tax - General (continued)

- **Personal Exemption Credit**
 - 2011 = \$120
 - 2012 = \$123
 - 2013 = \$126
- **Tax Rate Reduction and Brackets Widened**
 - For tax years beginning on or after **January 1, 2013**, individual **income tax rates will be reduced.**
 - For tax years beginning on or after **January 1, 2014**, individual **income tax brackets will be widened.**

More...

LB 970, Operative Date: January 1, 2013

11/7/2012 Fed/State – Revenue 11

Income Tax – General (continued)

Individual Income Tax Year 2012

Bracket Number	Married, Filing Jointly	Head of Household	Single Individuals	Tax Rate
1	\$0 - 4,800	\$0 - 4,500	\$0 - 2,400	2.56%
2	\$4,800 - 35,000	\$4,500 - 28,000	\$2,400 - 17,500	3.57%
3	\$35,000 - 54,000	\$28,000 - 40,000	\$17,500 - 27,000	5.12%
4	Over \$54,000	Over \$40,000	Over \$27,000	6.84%

Individual Income Tax Year 2013

Bracket Number	Married, Filing Jointly	Head of Household	Single Individuals	Tax Rate
1	\$0 - 4,800	\$0 - 4,500	\$0 - 2,400	2.46%
2	\$4,800 - 35,000	\$4,500 - 28,000	\$2,400 - 17,500	3.51%
3	\$35,000 - 54,000	\$28,000 - 40,000	\$17,500 - 27,000	5.01%
4	Over \$54,000	Over \$40,000	Over \$27,000	6.84%

Individual Income Tax Year 2014

Bracket Number	Married, Filing Jointly	Head of Household	Single Individuals	Tax Rate
1	\$0 - 6,000	\$0 - 5,600	\$0 - 3,000	2.46%
2	\$6,000 - 36,000	\$5,600 - 28,800	\$3,000 - 18,000	3.51%
3	\$36,000 - 58,000	\$28,800 - 43,000	\$18,000 - 29,000	5.01%
11/7/2012	Over \$58,000	Over \$43,000	Over \$29,000	6.84%

Fed/State – Revenue 12

2. Income Tax - General (continued)

- **Checkbox on Form 1040N, Line 13, Adjustments Decreasing Federal AGI**
 - Removed from the paper return
 - Indicated the only amount reported on Nebraska Schedule I was a state income tax refund deduction
 - All adjustments to income must be reported on Nebraska Schedule I.

2011 Form 1040N

13 Adjustments decreasing federal AGI (line 59, from attached Nebraska Schedule I)	13	00
If the amount on line 13 is ONLY for a state income tax refund deduction, check this box <input type="checkbox"/> (see instructions)	<input type="checkbox"/>	
(NOTE: If line 12 is -0-, and you check this box, do not complete Nebraska Schedule I.)		

11/7/2012

Fed/State – Revenue 13

2. Income Tax - General (continued)

- **Form 1040N, Line 43, Nebraska Campaign Finance Contribution**
 - Removed from the paper return
 - Bruning v. Gale
 - The Nebraska Supreme Court ruled the entire Nebraska Campaign Finance Limitation Act unconstitutional.

2011 Form 1040N

43 Nebraska Campaign Finance CONTRIBUTION of \$1 or more	43	00
--	----	----

11/7/2012

Fed/State – Revenue 14

2. Income Tax – E-file

- **Tax Preparer E-file Mandate**
 - **No change for tax year 2012.**
 - **If...** paid tax preparers filed **25 or more** Nebraska individual income tax returns during calendar year 2012, **then...** they **must e-file** all individual income tax returns they are paid to prepare during calendar year 2013.
 - **The penalty is \$100 for each return not e-filed.**

See the [Tax Preparer E-file Mandate FAQs](#) on the Department's website.
Neb. Rev. Stat. [§ 77-1784](#)

11/7/2012

Fed/State – Revenue 15

2. Income Tax – E-file (continued)

- **Modernized E-file (MeF)**
 - IRS plans to end the legacy e-file program, except as a contingency in the event that MeF goes down.
 - Nebraska, like most other states, opted out of the legacy program as a contingency, and will no longer support the legacy e-file program.
 - Many of the state's forms that could not be e-filed in the past **will be** allowed in the MeF system.
 - Taxpayers can select the date they want payment to be withdrawn from their designated bank account.

11/7/2012

Fed/State – Revenue 16

2. Income Tax – E-file (continued)

- **Federal/State E-file**

- Opens January 22, 2013.
- A qualified tax preparer can e-file both federal and state returns using IRS and state-approved software.
- Return is transmitted to the IRS Service Center.
- The Department retrieves state returns from the IRS and provides acknowledgments to the originators.

11/7/2012

Fed/State – Revenue 17

2. Income Tax – E-file (continued)

- **Most Returns Can Be E-filed**

- Most calendar year 2012 original individual income tax returns can be e-filed. These include:
 - Balance due returns;
 - Resident returns; and
 - Nonresident returns;
 - Zero balance returns.
 - Refund returns;

- **New This Year in MeF...**

- Delinquent returns can now be e-filed.
 - Nebraska will accept 2010, 2011, and 2012 individual income tax returns through MeF.
- E-filers will be able to schedule estimated income tax payments when e-filing their tax return.

11/7/2012

Fed/State – Revenue 18

2. Income Tax – E-file (continued)

- **State-only returns**

- The Fed/State e-filing supports state-only returns.
 - Rejected state returns are re-sent to the state.
 - A state return may be sent by itself when a taxpayer files returns in more than one state.
- Tax preparers should check with software providers to confirm capability of state-only filing.

- **Refunds**

- A direct deposit refund option is available for all individual income tax e-file programs.
- **E-filed and direct-deposited** refunds generally take 7-10 days.

Note: International ACH Transactions (IATs) cannot be processed as direct deposits.

11/7/2012

Fed/State – Revenue 19

2. Income Tax – E-file (continued)

- **New This Year in NebFile...**

- NebFile for Individuals allows taxpayers to schedule final tax payments while e-filing their return.
 - Taxpayers can select the dates they want their payments to be withdrawn from their designated bank account.
- Other adjustments decreasing Federal AGI
 - Form 1040N, Schedule I, line 57.
 - Taxpayers will no longer be able to claim the adjustment for nonresident military servicemember active duty pay using NebFile.
 - Choose another filing method to claim this adjustment.

More...

11/7/2012

20
Fed/State – Revenue 20

2. Income Tax – E-file (continued)

- **New This Year in NebFile...**(continued)
 - Tax calculation between NebFile and paper filing
 - NebFile uses the Tax Calculation Schedule.
 - NebFile does not use the Nebraska Tax Table.
 - Using the Tax Calculation Schedule is more accurate.
 - You may see a difference of a few dollars compared to the tax computed using the Nebraska Tax Table.

11/7/2012

Fed/State – Revenue 21

2. Income Tax – E-file (continued)

- **Computer-Prepared Returns**
 - Types of errors you should watch for include:
 - Misplacement/misalignment of entries on line numbers;
 - Inadequate or missing explanations for schedule entries;
 - Incorrect math calculations; and
 - Illegible returns from the tax preparer’s incompatible printer.

11/7/2012

Fed/State – Revenue 22

2. Income Tax – E-file (continued)

- **Documentation**
 - **Form 8453N and Binary Attachments (PDF File)**
 - Beginning with tax year 2012, binary attachments can be transmitted with the electronic return.
 - This eliminates need to mail or fax documents to the Department.
 - Scan and send attachments with the electronic return.
 - Check with your software provider to determine if an attachment option is available.
 - **Some forms can still be mailed or faxed**
 - Use Form 8453N as a cover sheet.
 - Form 8453N does not need the taxpayer’s signature.
 - Priority processing is given.
 - No notice will be sent if required documentation is not received by the Department.

11/7/2012

Fed/State – Revenue 23

2. Income Tax – E-file (continued)

- **Electronic Form Requirements**

Beginning with tax year 2011, the Department is changing submission requirements.

 - **Form 1099-INT**
 - Must be e-filed if it shows Nebraska withholding.
 - If the IRS supports Forms 1099-DIV and 1099-OID, Nebraska will support e-file for them as well.

More...

11/7/2012

Fed/State – Revenue 24

2. Income Tax – E-file (continued)

- **Electronic Form Requirements** (continued)
 - **Form 1040N, Schedule I, Line 57**
 - Net Operating Loss Worksheet
 - Must be filed when taxpayer claims adjustment decreasing AGI on tax year 2012 Nebraska Schedule I.
 - Must be filed electronically
 - If missing, return will be rejected
 - **Form 1040N, Schedule I, Line 57**
 - Schedule K-1N
 - Must be e-filed when taxpayer claims adjustment decreasing AGI on tax year 2012 Nebraska Schedule I, for S corporation, and LLC non-Nebraska source income
 - Form can no longer be mailed or faxed.

NOTE: The NOL carryforward deduction will also be disallowed on a paper return without a Form NOL attached.

11/7/2012

Fed/State – Revenue 25

2. Income Tax – Electronic Funds Transfer (EFT)

- **EFT payment options available for individual income tax filers -**
 - **E-pay** is Department’s online payment program
 - Provide bank account information, and Department debits your account on date you specify.
 - Schedule payments online.
 - Use e-pay for amounts due with Form 1040N and for individual estimated income tax payments.
 - **Electronic Fund Withdrawal (EFW)** is available when filing with many software products.
 - Return must be filed using Fed/State software or NebFile.
 - Requires payment details provided on e-filed tax return.

Both of these options require a specified amount and date funds will be debited from the taxpayer's bank account.

11/7/2012

More... Fed/State – Revenue 26

2. Income Tax – EFT (continued)

- **EFT Payment Options** (continued)
 - **Credit Card Payments**
 - Official Payments charges a convenience fee.
 - Compute this fee on their new calculator.
 - www.officialpayments.com, 800-2PAY-TAX

11/7/2012

Fed/State – Revenue 27

2. Income Tax – Audit

- **Individual Income Tax Audits**
 - **Economic Substance**
 - Form 4797N – Special Capital Gains Election
 - Preparer responsibilities
 - **Focus on Nonfilers**
 - Professional licenseholders
 - IRS data matches
 - **Focus on Nonresidents**
 - Schedule K-1N – S corporations
 - Partial-year residents
 - Filing income tax return when residence is in a state that doesn’t have state income tax

More...

11/7/2012

Fed/State – Revenue 28

2. Income Tax – Audit (continued)

- **Individual Income Tax Audits** (continued)
 - Focus on itemized deductions
 - Schedule A
 - Schedule C
 - Alimony payments
 - Fraudulent returns

11/7/2012

Fed/State – Revenue 29

2. Income Tax – Audit (continued)

- **Audit and examination of Nebraska individual income taxes by the Department**
 - Department has audited, examined, and made adjustments since income tax adopted 40 years ago.
 - Nebraska income tax is based upon federal law.
 - The Nebraska Legislature granted broad statutory powers and duties to the Department to:
 - Obtain and examine any financial records of taxpayers;
 - Examine returns; and
 - Determine if amounts are correct.

More...

11/7/2012

Fed/State – Revenue 30

2. Income Tax – Audit (continued)

- **Audit and Examination by Department** (continued)
 - Neb. Rev. Stat. § 77-375 provides that any agent of the Department may require production of records necessary for performance of his or her responsibilities under applicable state law.
 - Powers exist without limitations to source or nature of records or item on the return to which they apply.
 - Neb. Rev. Stat. § 77-2783 grants the Department authority to correct mathematical errors.
 - Neb. Rev. Stat. § 77-2776 provides that as soon as practical after an income tax return is filed, the Tax Commissioner will examine it to determine correct amount of tax.

More...

11/7/2012

Fed/State – Revenue 31

2. Income Tax – Audit (continued)

- **Audit and Examination by Department** (continued)
 - If the Tax Commissioner finds the amount of tax shown on the return is less than correct amount, he or she will notify taxpayer of the amount of the deficiency proposed to be assessed.
 - The Department has authority to examine any item on the federal return and adjust it so that it complies with the Internal Revenue Code, Treasury Regulations, case law, and any other authority governing federal tax law.

Nebraska Revenue Department's Audit and Examination Powers Discussed

by George Kilpatrick

11/7/2012

Fed/State – Revenue 32

3. Business Taxes

- General
- E-file
- Electronic Funds Transfer (EFT)
- Income Tax Withholding

Back to Agenda 11/7/2012 Fed/State – Revenue 33

3. Business Taxes - General

- **Motor Fuels Tax.** The motor fuels tax due date has changed from the 25th of the month to the **20th of the month.**
 - Effective dates of change
 - Monthly filers..... July return due August 20, 2012
 - Quarterly filers.....3rd quarter return due October 22, 2012
 - Annual filers..... Annual return due January 22, 2013

LB 727, Operative Date: July 1, 2012

11/7/2012 Fed/State – Revenue 34

3. Business Taxes – General (continued)

- **Form 13CCE**, Exemption Permit Application for Use of Credit or Debit Cards by Sales Tax Exempt Entities, may be filed:
 - By any sales tax exempt governmental entity; or
 - By sales tax exempt organizations; and
 - **Except** the federal government and its agencies.
- The **Exemption Permit** may be used with credit or debit cards **which are directly billed** to the exempt entity or organization for payment of:
 - Property;
 - Services; or
 - Lodging.

Nebraska Sales Tax Guide for Charge Card Purchases by United States (Federal) Government Employees

11/7/2012 Fed/State – Revenue 35

3. Business Taxes – General (continued)

 REVENUE	Exemption Permit Application For Use of Credit or Debit Cards by Sales Tax Exempt Entities	FORM 13CCE
* Nebraska ID Number (if applicable)		
NAME AND LOCATION ADDRESS		NAME AND MAILING ADDRESS
Name _____		Name _____
Legal Name _____		Street or Other Mailing Address _____
Street Address _____		City _____ State _____ Zip Code _____
City _____ State _____ Zip Code _____		City _____ State _____ Zip Code _____
CREDIT OR DEBIT CARD INFORMATION		
1 Name and address of bank issuing the credit or debit card: _____		
2 List four digits of the card; (if the exempt governmental entity or exempt organization has more than one credit or debit card account, a separate application is required for each credit or debit card.) _____		
DOCUMENTATION REQUIRED		
3 Attach all of the following: <ul style="list-style-type: none"> • Copy of the billing statement; • Copy of the credit or debit card; and • Copy of a payment made to the issuing bank. 		
ADDITIONAL BILLING INFORMATION		
4 Will any person (other than the sales tax exempt governmental entity or sales tax exempt organization) be billed by the issuer of the card for any purchases made using the credit or debit card specified on this application? <input type="checkbox"/> YES <input type="checkbox"/> NO if no, please explain _____		
Under penalties of law, I declare that I have examined this application, and to the best of my knowledge and belief, it is correct and complete.		
sign here _____		Title _____ Telephone Number _____
Signature of Owner, Partner, Member, Corporate Officer, or Other Person Authorized by Attorney-in-Fact _____		_____
Yes _____		Street Address _____
FOR NEBRASKA DEPARTMENT OF REVENUE USE ONLY		
<input type="checkbox"/> APPROVED COMMENTS: _____		
<input type="checkbox"/> DISAPPROVED _____		
Exemption Code _____  <input type="checkbox"/> APPROVED SIGNATURE _____ DATE _____		

11/7/2012 Fed/State – Revenue 36

3. Business Taxes – General (continued)

NAME AND LOCATION ADDRESS			NAME AND MAILING ADDRESS		
Name			Name		
Street Address			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code
<p style="text-align: center;">CREDIT OR DEBIT CARD IDENTIFICATION</p>					
Issuing Bank		Type of Credit or Debit Card		Last Four Digits of the Credit or Debit Card	
Effective Date of Exemption Permit			Expiration Date of the Exemption Permit (Expiration date of the credit or debit card)		

_____ has provided the Nebraska Department of Revenue with documentation that the credit or debit card identified above is directly billed to, and paid by, the sales tax exempt governmental entity or sales tax exempt organization. To make sales and lodging tax exempt purchases using this credit or debit card, the exempt governmental entity or exempt organization must:

- Complete a Nebraska Resale or Exempt Sale Certificate, Form 13, section B;
- **Attach a copy of this Exemption Permit to the Form 13;** and
- Issue both documents to the seller at the time of purchase.

11/7/2012

Fed/State – Revenue 37

3. Business Taxes – E-File

- **NebFile for Business**

- **E-filing sales and use taxes.** Beginning July 1, 2012, all taxpayers making sales and use tax payments of more than \$11,000 each year are required to e-file and e-pay sales and use tax returns.
- **Going Paperless.** Form 10 is not mailed to:
 - Any taxpayer required to e-file; or
 - Any taxpayer who e-filed their previous return.

11/7/2012

Fed/State – Revenue 38

3. Business Taxes – EFT

- **Business e-payment mandates (NEW schedule)**

- The payment threshold is now being lowered annually:
 - July 1, 2012 \$11,000
 - July 1, 2013 \$ 9,000
 - July 1, 2014 \$ 8,000
 - July 1, 2015 \$ 7,000

Neb. Rev. Stat. § 77-1784, Operative Date: January 1, 2011

11/7/2012

Fed/State – Revenue 39

3. Business Taxes – EFT (continued)

- EFT payment options available for business taxes:
 - **E-pay / ACH DEBIT** program.
 - **Be sure your payment is on time!**
 - Schedule your payment before the due date.
 - Enter a scheduled payment date no later than the day after the due date. (**NOTE:** Your scheduled payment date cannot be set for the same day you set up your payment. It must be at least one banking day in the future.)
 - If you wait until the due date to schedule your payment, you must finish the entry and be issued a confirmation number no later than 5:00 p.m. CST. Make sure you select the next banking day as your scheduled payment date.

11/7/2012

More... Fed/State – Revenue 40

3. Business Taxes – EFT (continued)

- **ACH CREDIT** program
 - **Be sure your payment is on time!**
 - Your financial institution must successfully deposit your tax payment no later than the first banking day after the due date.
 - You must contact your financial institution to determine the date you must initiate payment to ensure your payment is transferred in a timely manner.
- **CREDIT CARD** payments
 - Schedule secure credit card payments at www.officialpayments.com, or call 800-2PAY-TAX.
 - Official Payments charges a convenience fee.

11/7/2012 ■ Compute the fee on their new calculator.

Fed/State – Revenue 41

3. Business Taxes – Income Tax Withholding

- **E-filing Wage and Tax Statements**

January 2011 - Any employer or payor who issues **more than 50** wage and tax statements must e-file those statements with the Department.

- This includes Forms W-2, W-2G, 1099-R, and 1099-MISC.
- Statements must be filed by February 1st.

- **The Circular EN will be updated.**

- This will be available online later in 2012.

11/7/2012

Fed/State – Revenue 42

4. Legislative Changes

[Back to Agenda](#)
11/7/2012

Fed/State – Revenue 43

4. Legislative Changes

- **New Markets Job Growth Investment Tax Credit**

- It is a nonrefundable, nontransferable credit.
- Based on a percentage of the investment and the year in which the investment is made.
- Must be qualified investments in qualified community development entities.
- Individuals, corporations, estates and trusts, financial institutions, and insurance companies are eligible.
- Credit may be used against:
 - Income tax;
 - Insurance premium tax or;
 - Franchise tax.

11/7/2012

LB 1128, Operative Date: January 1, 2012

Fed/State – Revenue 44

4. Legislative Changes (continued)

- **Changes in corporate income tax apportionment for sales of intangibles and service**
 - Corporate taxpayer
 - Apportions income from the sales of intangibles and services to the location of the customer (market-based apportionment).
 - Previously, income apportioned based on location where the income-producing activity was performed (cost of performance apportionment).
 - Communications companies will continue to source income to the location where the income-producing activity is performed.

11/7/2012 LB 872, Operative Date: January 1, 2014 Fed/State – Revenue 45

4. Legislative Changes (continued)

- **Sales and Use Tax Exemption for Youth Sports**
 - Entry fees or other amounts charged by political subdivisions or IRC § 501(c)(3) organizations to participate in sports events, sports leagues, or competitive educational activities that are restricted to those participants who are less than 19 years old.

11/7/2012 LB 727, Operative Date: July 1, 2012 Fed/State – Revenue 46

4. Legislative Changes (continued)

- **Sales and Use Tax Exemption for Statewide Sports Events**
 - Fees and admissions charged to participants by nonprofit IRC § 501(c)(3) organizations that conduct statewide sports events with multiple sports for both adults and youth.
- **Sales and Use Tax Exemption for Youth Development Organizations**
 - Fees and admissions charged to participants by nonprofit IRC § 501(c)(3) organizations that are affiliated with a national organization that are primarily dedicated to youth development and healthy living, and offers sports instruction or sports events in multiple sports.

11/7/2012 LB 727, Operative Date: July 1, 2012 Fed/State – Revenue 47

4. Legislative Changes (continued)

- **Local Option Sales Tax Increase**
 - A municipality may impose a local sales tax of 1.75% or 2% if the rate increase is approved by at least 70% of the municipality’s governing board and by a majority vote of the voters residing in the municipality.
 - A percentage of the revenues raised in excess of 1.5% must be used for public infrastructure projects, interlocal agreements, or to reduce other taxes, depending on the size of each municipality.

11/7/2012 LB 357, Operative Date: July 19, 2012 Fed/State – Revenue 48

4. Legislative Changes (continued)

• **Other Sales Tax Exemptions**

- LB 902, Purchases by nonprofit corporations subject to a lease-purchase agreement which transfers title to a governmental unit..... *April 1, 2012*
- LB 830, Biochips for genotyping of plants, animals, or nonhuman research model organisms..... *July 1, 2012*
- LB 40, Nonprofit health clinics..... *July 1, 2012*
- LB 357, Local option sales tax increase..... *July 19, 2012*
- LB 1097, Nonprofit mental health centers..... *October 1, 2012*
- LB 1080, Tangible personal property acquired and assembled for subsequent use outside the state by a person operating a **data center**..... *January 1, 2013*

11/7/2012

NEW Sales Tax Exemption Chart

Fed/State – Revenue 49

4. Legislative Changes (continued)

• **Nebraska Prepaid Wireless Surcharge**

- Retailers collect a 1.1% surcharge on sales of prepaid wireless telecommunications services including:
 - Sale of prepaid mobile phones;
 - Prepaid phone cards; or
 - Recharging of prepaid phones and cards.
- Form E911N due on 20th day of the month following the reporting period (same as sales tax).
- E-file or mail your return.
 - Retailers are required to e-file if they are already mandated to e-file sales tax returns.

More...

LB 1091, Operative Date: January 1, 2013

11/7/2012

Fed/State – Revenue 50

4. Legislative Changes (continued)

• **Nebraska Prepaid Wireless Surcharge (continued)**

- The surcharge will replace the current fees imposed on telecommunications companies.
- These fees will be used to:
 - Assist Nebraska communities in providing emergency 911 services; and
 - Assist in providing a statewide system for specialized telecommunications equipment for qualified hearing impaired persons.
 - Currently, the Nebraska Public Service Commission collects fees from telecommunications companies to fund these services.

More...

LB 1091, Operative Date: January 1, 2013

11/7/2012

Fed/State – Revenue 51

4. Legislative Changes (continued)

• **Nebraska Prepaid Wireless Surcharge (continued)**

- A retailer making sales of prepaid wireless telecommunications services MUST register with the Department using one of the following methods.
 - Submit a Nebraska Tax Application, Form 20.
 - If you do not have a Nebraska Sales tax ID number.
 - Apply through NebFile for Business.
 - When filing Form 10, all taxpayers will be asked if they sell prepaid wireless devices or services.
 - Submit a Nebraska Prepaid Wireless Surcharge Application.
 - If you already have a Nebraska sales tax ID number.

LB 1091, Operative Date: January 1, 2013

11/7/2012

Fed/State – Revenue 52

4. Legislative Changes (continued)

- **Cigarette and Other Tobacco Reporting Requirements**

- Begins January 1, 2013.
 - Manufacturers, importers, wholesalers, retailers, and stamping agents are subject to new reporting and licensing requirements.
 - Reporting requirements ensure the collection of cigarette taxes and Master Settlement Agreement escrow payments on all cigarettes sold in the state.
- Electronic filing is coming soon.

11/7/2012

LB 590, Operative Date: January 1, 2013

Fed/State – Revenue 53

4. Legislative Changes (continued)

- **Nebraska Advantage Research and Development Tax Credit**

- A taxpayer may claim an income tax credit or sales tax refund for qualified research and development for 21 years.
- Previously, the credit could only be claimed for 5 years.

11/7/2012

LB 983, Operative Date: January 1, 2012

Fed/State – Revenue 54

4. Legislative Changes (continued)

- **Common & Contract Carrier Sales Tax Exemption Certificates**

- All common or contract carrier sales tax exemption certificates will expire on October 31, 2013.
- After October 31, 2013, these exemption certificates will expire every 5 years.
- Previously, they expired every 3 years.

11/7/2012

LB 210, Operative Date: October 1, 2011

Fed/State – Revenue 55

5. Income and Business Tax Returns & Schedules

[Click here to subscribe to GOV DELIVERY now!](#)

[Get email notification when there are changes.]

[Click here for ALL Nebraska tax forms.](#)

[Back to Agenda](#)
11/7/2012

Fed/State – Revenue 56

6. NEW Revenue Rulings

[Back to Agenda](#)
11/7/2012

Fed/State – Revenue 57

6. NEW Revenue Rulings

• Individual Income Tax

- Computation of 2011 Credit for Prior Year Minimum Tax to Determine Nebraska Minimum Tax for the 2011 Nebraska Return.....01/23/12
- Computation of 2011 Alternative Minimum Tax to Determine Nebraska Minimum Tax for the for the 2011 Nebraska Return.....01/17/12

[Click here for the revenue rulings web page.](#)

More...

11/7/2012

Fed/State – Revenue 58

6. NEW Revenue Rulings (continued)

• Fiduciary Income Tax

- Computation of 2011 Credit for Prior Year Minimum Tax to Determine Nebraska Minimum Tax for the 2011 Nebraska Return... 01/24/12
- Computation of 2011 Alternative Minimum Tax to Determine Nebraska Minimum Tax for the 2011 Nebraska Return.....01/24/12

More...

11/7/2012

Fed/State – Revenue 59

6. NEW Revenue Rulings (continued)

• All Nebraska Taxes

- Interest Rate Assessed on State Taxes.....10/01/12
 - For the two-year period beginning January 1, 2013, the rate of interest on delinquent payments or any taxes or special assessments owing to the State of Nebraska will be 3% per year.
 - The previous rate was 5% per year which was in effect from January 1, 2009 and will remain in effect until December 31, 2012.

[Click here for the revenue rulings web page.](#)

11/7/2012

Fed/State – Revenue 60

7. NEW Information Guides

[Back to Agenda](#)
11/7/2012

Fed/State – Revenue 61

7. NEW Information Guides

- Low-Income Home Energy Conservation Act.....09/2012
- Food, Food Ingredients, and Dietary Supplements.....08/2012
- Agricultural Machinery and Equipment.....07/2012
- Sales Tax Exemptions Chart..... 06/2012
- Construction Contractor Fact Sheet.....03/2012
- CenturyLink Center Retailers and Vendors.....01/2012
- Income Tax Withholding for Nonresident Individuals
Performing Personal Services In Nebraska..... 01/2012

[Click here for the main information guide web page.](#)

11/7/2012

Fed/State – Revenue 62



Thank you!

www.revenue.ne.gov

[Back to Agenda](#)
11/7/2012

63